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BRUSSELS FOR USEEC

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ALSO SENT DEPT FOR NORRIS (IO/DHP) AND SCHWEBEL (L)

E.O. 11652:GDS

TAGS: EGEN, UN, ECOSOC, UNIDO

SUBJECT: UN CONFERENCE OF THE ESTABLISHMENT OF UNIDO AS
A SPECIALIZED AGENCY FAILS TO REACH AGREEMENT

- A. USUN 808,
- B. RIEMER - NORRIS TELCON MARCH 10,
- C. RIEMER - GLAZER TELCON MARCH 10,
- D. GROUP B "NON-PAPER" DATAFAXED NORRIS IO/DHP MARCH 9,
- E. REPORT OF FINAL MEETING OF INTERGOVERNMENTAL COMMITTEE
OF THE WHOLE, CONTAINED IN DOCUMENT A/AC.180/12 (VIENNA)
OR A/CONF.90/3 (NEW YORK)

SUMMARY:

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1. CONFERENCE CONCLUDED AT 9:30 P.M., MARCH 11 WITHOUT REACHING AGREEMENT OR A CONSTITUTION FOR A NEW UNIDO. FINAL PLENARY ADOPTED A SIMPLE RESOLUTION REQUESTING SECRETARY-GENERAL TO BRING ITS REPORT TO THE ATTENTION OF THE 33RD GA AND RECOMMENDING THAT GA CONSIDER REPORT AND "TAKE SUCH ACTION AS IT DEEMS APPROPRIATE". REASONS FOR FAILURE OF THE CONFERENCE WOULD INCLUDE (NOT NESCESSARILY IN THIS ORDER): TIME, INCLUDING AN EXTREMELY SLOW START; DIFFICULTY IN FINDING APPROPRIATE NEGOTIATING MECHANISMS; UNWILLINGNESS OF GROUP D TO REACH AGREEMENT, OR TO BE PUT ON A POSITION OF BLOCKING AGREEMENT; OPPOSITION TO CONTINUATION OF WORK BEYOND SATURDAY, BY CHAIRMAN MEHTA AND IN THE SECRETARIAT; THE CAUTION OF MOST LEADING MEMBERS OF GROUP B IN MOVING FROM PREVIOUS FIRMLY HELD POSITIONS TO MEET NEW NEGOTIATING SITUATION IN NEW YORK, WHICH FURTHER SERVED TO HELP EXHAUST THE SLIM MARGIN OF TIME FOR NEGOTIATING; UNWILLINGNESS OF THE G-77 LEADERSHIP TO ACCOMODATE GROUP B EVEN AFTER THE LATTER HAD MADE CLEAR ITS WILLINGNESS TO ACCEDE, IF ALL ELSE SATISFACTORY, TO G-77 DEMANDS ASSURING PRIMACY OF CONFERENCE; ABSENCE OF PERSONAL RAPPORT BETWEEN GROUP B CHAIRMAN (MOLTRECHT OF FRG) AND G-77 LEADER (HALL OF JAMAICA); MARKED

ABSENCE OF LEADERSHIP BY EITHER CONFERENCE PRESIDENT
MEHTA (INDIA) OR NEGOTIATING COMMITTEE CHAIRMAN WOLTE
(AUSTRIA). END SUMMARY.

2. CLOSING FOUR DAYS OF CONFERENCE WERE DEVOTED TO INTEN-
SIVE NEGOTIATIONS WITHIN GROUP CAUCUSES, IN
"SMALL" NEGOTIATING COMMITTEE (NC) MEETING FOR INFORMAL
CONSULTATIONS (I.E., IN A SMALL, PACKED ROOM WITH ONLY
A LIMITED NUMBER OF PARTICIPANTS FROM EACH GROUP ABLE TO
SIT AT THE FRONT TABLE), IN MEETINGS BETWEEN GROUP
SPOKESMAN, AND IN THE CORRIDERS. DURING THIS PROCESS,
BOTH GROUP B AND THE G-77 MADE SOME MOVES TOWARD CLOSING

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GAP IN POSITIONS. GROUP B CIRCULATED A "NON-PAPER" ON MARCH 8 WHICH CONTAINED PROVISIONAL SUGGESTIONS "FOR POSSIBLE COMPROMISE" AND ON MARCH 9 AUTHORIZED GROUP B SPOKESMAN IN PRIVATE MEETING WITH G-77 SPOKESMAN TO PUT FORWARD ORALLY SOME ADDITIONAL PROPOSALS. THESE WERE CONFIRMED TO LARGER AUDIENCE AT NC INFORMAL CONSULTATION MEETING ON MARCH 11. PRIVATELY AND SUBSEQUENTLY AT SAME NC INFORMAL CONSULTATION MEETING, G-77 MADE COUNTERPROPOSALS. BULK OF THESE COULD HAVE BEEN ACCEPTABLE WITHIN MORE FLEXIBLE USG POSITION DEVELOPED IN REFTEL AND TELECON WITH DEPARTMENT WITH NOTABLE EXCEPTION BEING G-77 LANGUAGE ON NIEO IN ARTICLE 1. THERE WAS ALSO QUESTION WHETHER G-77 APPROACH TO UNDP LANGUAGE (ANNEX 11, PARA B) COULD BE IMPLEMENTED IN MANNER SATISFACTORY TO U.S., BUT TIME DID NOT PERMIT THIS TO BE FULLY EXPLORED. HENCE, SATURDAY
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AFTERNOON, THERE STILL APPEARED TO BE GROUNDS FOR HOPE THAT REMAINING GAPS COULD BE CLOSED WITH SOME ADDITIONAL TIME FOR NEGOTIATION. GROUP B OFFERED TO CONTINUE AND NC

CHAIRMAN UNDERTOOK TO EXPLORE AVAILABILITY OF FACILITIES ON MARCH 13, 14. G-77 DID NOT EXPLICITLY REJECT THE IDEA BUT SHOWED NO ENTHUSIASM. IT WAS AGREED THAT FULL NC SHOULD CONVEENEIMMEDIATELY TO REPORT TO PLENARY AND ASK PLENARY TO DECIDE WHETHER TO CONTINUE. IN NC, GROUP B AGAIN EXPLORED WILLINGNESS TO CONTINUE, BUT TONE OF WOLTE'S REMARKS INDICATED THAT HE HAD NOEXPECTATIONS OF CONTINUATION. G-77 WAS FIRST SPEAKER IN PLENARY, AND FURTHER MADE CLEAR THE END HAD COME. HALL MADE A LENGTHY STATEMENT FOR THE RECORD DEPLORING THE WAY THE CONFERENCE HAD CONDUCTED ITS BUSINESS, DESCRIBING IN DETAIL THE KINDS OF MEETINGS AND CONTACTS THAT HAD OCCURED, AND READING INTO THE RECORD THE TEXT OF THE GROUP B NON-PAPER OF MARCH 8, WHICH HAD NO OFFICIAL STATUS AS A CONFERENCE DOCUMENT. (HE OFFERED TO READ IN ALSO A SUMMARY OF THE GROUP B ORAL PROPOSALS IF THERE WAS NO OBJECTION; BECAUSE OF UNWILLINGNESS TO USE THESE AS STARTING POINT FOR ANY NEXT ROUND GROUP B OBJECTED). HE SUGGESTED CONFERENCE SHOULD REPORT TO 33RD GA ON THIS "EXERCISE IN FUTILITY". MOLTRECHT MADE LOW-KEY STATEMENT ON BEHALF OF GROUP B EMPHASIZING THAT GROUP, CONFRONTED WITH MAJOR DEPARTURES FROM AGREED PREPARATORY WORK IN IGC, HAD MADE MAJOR CONCESSIONS AND REMAINED READY TO TRY TO REACH A FINAL RESULT. U.S. REP NOTED BRIEFLY THAT DESPITE OUR ORIGINAL NEGATIVE VOTE ON RESOLUTION CONVENING CONFERENCE, WE HAD COME TO CONFERENCE HAD PARTICIPATED IN A CONSTRUCTIVE SPIRIT AND REGRETTED FAILURE TO REACH AGREEMENT.

4. AS DELEGATION SUBSEQUENTLY RECONSTRUCTED PICTURE, A DOUBLE-PUNCH OF THE USSR CLOSED THE DOOR TO PROLONGATION. IN PRIVATE MEETING WITH MEHTA PRIOR TO COMBINED FIRST MEETINGS OF NC AND PLENARY, SOVIET AMBASSADOR ERIFEYEV LIMITED OFFICIAL USE

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STATED THAT IT WOULD TAKE USSR "WEEKS" TO PROVIDE INSTRUCTIONS ON WHATEVER HAD EVOLVED BETWEEN G-77 AND GROUP B. FURTHER, IT MAY NOT BE COINCEDENCE THAT SECRETARIAT OFFICIALS WHO INFORMED MEHTA AND WOLTE THAT

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FACILITIES FOR CONTINUATION WERE NOT AVAILABLE WAS A NATIONAL OF THE UKRAINIAN SSR. THERE WAS, IN MY CASE, NO WAY CONFERENCE COULD CONTINUE REGARDLESS OF WISHES OF OTHERS.

5. COMMENT. REASONS FOR FAILURE OF CONFERENCE TO REACH AGREEMENT ARE NOT ENTIRELY CLEAR AT THIS STAGE. SEEN FROM THE VIEWPOINT OF THE GROUPS, THE FOLLOWING OBSERVATIONS MAY BE MADE.

(A) GROUP B WAS SLOW TO REACT TO CHANGED NEGOTIATING CIRCUMSTANCES. SUBSTANTIAL RETREAT OF G-77 FROM UNDERSTANDINGS REACHED IN IGC IN VIENNA SHOCKED THOSE MEMBERS OF THE GROUP WHICH LIKE U.S. HAD FOUGHT HARD AND SUCCESSFULLY FOR TIGHT BUDGETARY PROCEDURE IN VIENNA TEXT. HENCE, WHILE 77 FIRST SUBMITTED ITS LIMITED OFFICIAL USE

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PROPOSALS ON FEBRUARY 27, IT WAS NOT UNTIL TEN DAYS LATER (MARCH 8) THAT GROUP B RESPONDED WITH COUNTERPROPOSALS. THIS WAS DUE IN PART TO NECESSITY OF REVIEWING INSTRUCTIONS. FOR SOME (FRG, JAPAN, POSSIBLY FRANCE AND CANADA) THESE APPARENTLY REMAINED QUITE HARD. FOR OTHERS (AUSTRALIA, PROBABLY SWITZERLAND, POSSIBLY FRANCE AND CANADA) NEGATIVE REACTION TO G-77 TACTICS PROMPTED EXTREME CAUTION WHICH ALSO ACTED A BRAKE. MOST WOULD AGREE FRG USED ITS CHAIRMANSHIP OF GROUP B TO REINFORCE THIS TENDENCY. FINALLY, THERE WAS CONCERN, PERHAPS JUSTIFIED IN THE LAST DAY, THAT NO FORMAL AGREEMENT WOULD BE REACHED AND THAT CONCESSIONS WOULD ONLY LEAD TO MORE IN A SUBSEQUENT ROUND. NEVERTHELESS, GROUP B DID PUT FORWARD PROPOSALS--ALBEIT AT A LATE STAGE--WHICH MADE CLEAR GROUP'S WILLINGNESS TO COMPROMISE AND COULD HAVE PROVIDED BASIS FOR AGREEMENT. U.S. JOINED WITH U.K. IN CLOSING STAGES IN ENCOURAGING GROUP B TO TAKE FORTHCOMING APPROACH AND EXHAUST ALL AVENUES OF NEGOTIATION BEFORE LETTING CONFERENCE FAIL. (B) G-77 WAS INITIALLY SPLIT INTERNALLY WITH POSITIONS RANGING FROM THOSE WHO HAD NEGOTIATED IN VIENNA AND LIKE GROUP B WANTED TO FOCUS ON UNRESOLVED ISSUES IN VIENNA TEXT TO THOSE IN NEW YORK WHO CONSIDER THAT THE VIENNA COMPROMISE REPRESENTED A GREAT STEP BACKWARD IN THEIR EFFORTS, IN THE FIFTH COMMITTEE OF THE GA AND

IN THE SECRETARIAT, TO GAIN A GREATER VOICE FOR
DEVELOPING COUNTRIES IN THE ADMINISTRATIVE
AND FINANCIAL AREA AND TO ASSERT THE PRIMACY OF UNIVERAL
MEMBERSHIP BODIES OVER LIMITED BOARDS WEIGHTED AGAINST
THEM.

FIRST WEEK OF CONFERENCE WAS WASTED BECAUSE G-77 HAD NOT
GOTTEN ITS HOUSE IN ORDER EVEN TO THE EXTENT OF NOMINATING
OFFICERS OF CONFERENCE. "NEW YORKERS" SOON GAINED FULL
CONTROL AND BY WEEK G-77 PUT FORWARD RADICAL NEW PROPOSALS
AND THEN AT VARIOUS STAGES INTRODUCED ADDITIONAL DEMANDS.
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(FOR EXAMPLE, WHEREAS ON FEBRUARY 27 G-77 SPOKESMAN SAID
G-77 COULD ACCEPT USE OF "UP TO 6 PERCENT" OF ASSESSED
BUDGET FOR OPERATIONS ACTIVITIES, A MODEST INCREASE FROM
5 PERCENT PROPOSED BY GROUP B , ON MARCH 9 HE ADVISED

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GROUP B REPRESENTATIVES THAT THIS HAD TO BE "NOT LESS THAN" 6 PERCENT; HE EVENTUALLY AGREED TO "IN THE AMOUNT OF" 6 PERCENT. G-77 PUBLIC UTTERANCES TENDED TO CONCENTRATE ON NEED TO AVOID "PAYING A PRICE" IN TERMS OF LOSS OF PRESENT AND GROWING DEGREE OF G-77 CONTROL AND SHOWED LITTLE EVIDENCE OF ANY STRONG COMMITMENT TO CONCEPT OF NEW UNIDO AS A MORE EFFECTIVE VEHICLE FOR A ASSISTING LDC'S. IN HIS CLOSING, PLENARY STATEMENT, G-77 SPOKESMAN EMPHASIZED THE FUNDAMENTAL IMPORTANCE OF CONTINUING THE "TREND TOWARD DEMOCRATIZATION IN UN AFFAIRS." IT IS OUR IMPRESSION THAT G-77 POSITION EVOLVED GRADUALLY DURING COURSE OF CONFERENCE. INITIALLY, ALL EVIDENCE SHOWED G-77 WILLINGNESS TO REACH AGREEMENT IF ITS BASIC CONDITIONS COULD BE MET. G-77 PRIVATE STATEMENTS, AND

INDEED CONCESSION OF GROUP B, WERE ALSO BASED ON
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THIS PREMISE. IT IS LIKELY, HOWEVER, THAT BY SATURDAY, WHEN GROUP B'S WILLINGNESS TO CONCEDE PRIMACY OF CONFERENCE THROUGH "PRESENT AND VOTING FORMULA" ON ANNEX X WAS FIRST MADE KNOWN PRIVATELY BY MOLTRECHT, G-77 HAD ALREADY SHIFTED SIGHTS ELSEWHERE. HALL'S FAILURE TO RESPOND POSITIVELY TO GROUP B EXPRESSED WILLINGNESS TO CONTINUE NEGOTIATIONS GOING AT END AND HIS READING OF GROUP B CONCESSIONS INTO THE RECORD SUGGEST THAT, BY SATURDAY AFTERNOON, THE G-77 HAD DECIDED THAT THEIR INTEREST LAY IN PURSUING QUESTION IN COMMITTEE OF THE WHOLE OR 33RD GA, WITH ALTERNATIVE OF WORKING FOR ITS KIND OF UNIDO IN PRESENT FRAMEWORK.

(C) HALL AND MOLTRECHT, THE G-77 AND GROUP B SPOKESMAN RESPECTIVELY, ARE BOTH STRONG PERSONALITIES, SENSITIVE TO REAL OR IMAGINED SLIGHTS TO THEIR OWN DIGNITY AND INSENSITIVE TO OTHERS' FEELINGS. SPARKS FLEW BETWEEN THEM BOTH IN THEIR PRIVATE CONVERSATIONS AND IN ONE ANGRY PUBLIC EXCHANGE IN THE NEGOTIATING COMMITTEE. THIS CONFLICT DID NOT EASE PASSAGE TOWARD AGREEMENT. ON THE OTHER HAND THE TWO SPOKESMEN SPENT SEVERAL PRODUCTIVE HOURS TOGETHER THAT NIGHT OF MARCH 9 WORKING TOWARD A PACKAGE OF PROPOSALS FOR CONSIDERATION BY THE GROUPS. THE PERSONAL INCOMPATIBILITY PROBLEM SHOULD NOT HAVE PREVENTED AGREEMENT IF OTHER FACTORS HAD STOOD IN THE WAY.

(D) NEITHER MEHTA, PRESIDENT OF THE CONFERENCE, NOR WOLTE, CHAIRMEN OF THE NC, EXERCISED STRONG LEADERSHIP. THEY BOTH COULD HAVE DONE MORE IN PRIVATE TO KNOCK HEADS AND INSIST ON PROGRESS. IN DEFENSE OF WOLTE, HIS MAJOR ATTEMPT AT "SHUTTLE DIPLOMACY" AT THE BEGINNING OF THE THIRD WEEK FAILED BECAUSE OF RESISTANCE FROM THE G-77 SPOKESMAN WHO WANTED TO HAVE DISCUSSIONS IN THE OPEN RATHER THAN EXPLORE POSSIBLE AREAS OF COMPROMISE BEHIND THE SCENE.

(E) GROUP D THERE SEEMS TO BE LITTLE DOUBT THAT GROUP D'S OBJECTIVE AT THE CONFERENCE WAS TO PREVENT SUCCESS
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WHILE AVOIDING THE BLAME FOR DOING SO. IN FACT, THEY HAD TO EXERT LITTLE EFFORT TO ATTAIN THIS. LONG DELAYS, THEN NEGOTIATIONS WHICH FORMALLY FOCUSSED EXCLUSIVELY ON GROUP B AND THE 77 SERVED THEIR PUPOSES WELL. IN THE EVENT, THE SOVIETS AND THEIR ALLIES COULD SIT BACK, THROW

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IN SOME DECISIVE BLOWS AGAINST PROLONGATION
("INSTRUCTIONS;" THEIR VISA PROBLEM, ON
WHICH U.S. DEL PREPARED TO ASSURE THEM EXTENSIONS; THE
LEGAL QUESTION OF WHETHER PROLONGATION WAS POSSIBLE GIVEN
FIXED CLOSED TIME PERIOD SET IN RESOLUTION CALLING FOR
CONFERENCE; THE NEED TO HAVE G-77 AND GROUP B POSITIONS
IN WRITING AND IN ALL LANGUAGES) AND COMPLAIN WITH
CONSIDERABLE JUSTIFICATION THAT THEY HAD BEEN BLATANTLY
EXCLUDED FROM THE NEGOTIATION PROCESS.
(F) CHINA - THE CHINESE MADE A FEW STATEMENTS IN SUPPORT
OF 77, BUT OTHERWISE MAINTAINED THEIR USUAL LOW PROFILE.

6. NEXT STEPS FOR THE U.S.

(A) OUTSTANDING SUBSTANTIVE ISSUES ON BASIS OF MOST
FORTHCOMING 77 POSITIONS (EXPRESSED IN LAST HALL-MOLTRECHT
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MEETING OR DIRECTLY TO U.S. REPS), THERE WOULD SEEM TO
BE ONLY A SMALL NUMBER OF OUTSTANDING ISSUES BETWEEN 77
AND U.S., WHICH TIME DID NOT PERMIT US TO FULLY EXPLORE.
THE MOST DIFFICULT OF THESE IS THE NIEO REFERENCE IN
ARTICLE ONE; ANOTHER IS THE MATTER IN WHICH THE 77
PROPOSE TO BREAK THE "LINK," WHICH DEPARTMENT WILL HAVE
TO JUDGE. RELATIVE TO ANNEX II, THE 77 WILL HAVE TO
AGREE TO RESIST GROUP D PRESSURES TO MOVE THIS TO
FINANCIAL REGULATIONS OR ELSEWHERE, AND WOULD HAVE TO
CLARIFY WITH US HALL'S OFFER TO PROVIDE FOR LINK TO UNDP
THROUGH A RESOLUTION. THESE SUBJECTS WILL BE DISCUSSED
IN SEPTTEL GIVING POSITIONS ITEM BY ITEM.
(B) FUTURE ACTION - ASSUMING THAT 77 ARE INTERESTED IN
ESTABLISHING UNIDO AS A SPECIALIZED AGENCY ON THE BASIS

OF THE COMPROMISE ALMOST REACHED BY THE END OF THE SESSION, THE NEXT PLACE THE SUBJECT MAY COME UP IS IN THE COMMITTEE OF THE WHOLE. GIVEN THE FACT THAT "THE LIMA DECLARATION AND PLAN OF ACTION AND STRENGTHENING OF THE INDUSTRIAL CAPACITY OF DEVELOPING COUNTRIES" IS A PROPOSED AGENDA ITEM FOR THE SECOND (JULY) SUBSTANTIVE MEETING OF THE OVERVIEW MECHANISM, IT IS POSSIBLE THAT 77 WILL SERVE NOTICE AT THE FIRST (MAY) MEETING OF THEIR INTENTION TO SUBMIT UNIDO AS A SUB-ITEM FOR THAT DISCUSSION. THE COMMITTEE OF THE WHOLE, IN TURN, COULD RECOMMEND A SOLUTION TO MEMBER GOVERNMENTS AND TO THE 33RD GA. ASSUMING U.S. WILLING TO GO THIS ROUTE, IT COULD LEAD TO NOT ONLY AGREEMENT ON UNIDO BUT AN EARLY POSITIVE ACCOMPLISHMENT FOR THE OVERVIEW MECHANISM. ALTERNATIVELY, THE 77 COULD DE FACTO ABANDON THE SPECIALIZED AGENCY CONCEPT, SEEK NO COMPROMISE, AND POSSIBLY SEEK TO EXPAND UNIDO'S BUDGET AND/OR CREATE A LARGER MORE 77-ORIENTED IDB, THROUGH ACTION AT THE GA. THESE ARE THE ALTERNATIVES WE WILL HAVE TO CONSIDER. YOUNG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, RESOLUTIONS, ESTABLISHMENT OF OFFICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978USUNN00960
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780120-0968
Format: TEL
From: USUN NEW YORK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780350/aaaabqhc.tel
Line Count: 675
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6f927cc4-c288-dd11-92da-001cc4696bcc
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3279491
Secure: OPEN
Status: NATIVE
Subject: UN CONFERENCE OF THE ESTABLISHMENT OF UNIDO AS A SPECIALIZED AGENCY FAILS TO REACH AGREEMENT A. USUN 808
TAGS: EGEN, PORG, XX, UN, ECOSOC, UNIDO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6f927cc4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014